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10/22/76

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## WESTERN HEMISPHERE BRIEF

CHILE: CHILE HAS INFORMED US OFFICIALS THAT IT WILL NO LONGER SEEK NEW US AID. IN A RECENT SPEECH, PRESIDENT PINOCHET SAID THAT CHILE "AD REJECTED A US LOAN THAT HE DESCRIBED AS "LINKED TO POLITICAL CONDITIONS." ALTHOUGH SANTIAGO CLAIMS TO BE REJECTING NEW AID, IT IS, NONETHELESS, SEEKING A \$15-MILLION LOAN, UNDER PL-480 TITLE I, TO BOLSTER WHEAT SUPPLIES IN VIEW OF ANOTHER PROJECTED POOR HARVEST.

THE OBJECT OF CRITICISM FOR HUMAN RIGHTS ABUSES, CHILE SEES ITSELF AS INCREASINGLY ISOLATED FROM ITS TRADITIONAL ALLIES OUTSIDE SOUTH AMERICA LAST WEEK, IN ITS REPORT TO THE UN GENERAL ASSEMBLY, THE AD HOC GROUP ON HUMAN RIGHTS RECOMMENDED THAT MEMBER NATIONS RESTRICT TRADE AND AID WITH CHILE AFTER SANTIAGO'S REFUSAL TO ADMIT THE GROUP'S ON-SITE INVESTIGATION TEAM.

ENCOURAGED BY IMPROVED EXPORT EARNINGS THIS YEAR, CHILEAN ECONOMIC MANAGERS APPARENTLY ARE NOW GARBLING THAT CHILE'S INTERNATIONAL FINANCIAL OBLIGATIONS CAN BE MET WITHOUT FURTHER DEBT RESCHEDULING AND WITH MINIMAL RELIANCE ON FOREIGN ECONOMIC AID.

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THIS YEAR, FOR THE FIRST TIME SINCE 1971, CHILE MANAGED TO FOREGO  
DEBT RENEGOTIATIONS

A 33-PERCENT INCREASE IN OVERALL EXPORT EARNINGS AND RENEWED  
FOREIGN PRIVATE LOANS HAVE LED TO A DRAMATIC IMPROVEMENT IN CHILE'S  
FOREIGN RESERVE POSITION--GROSS RESERVES TRIPLED TO • 445MILLION  
DURING THE FIRST EIGHT MONTHS OF 1976.

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